

JOHNSON COUNTY GAS CO., INC.
P. O. BOX 339
HAROLD, KY 41635

June 10, 2004

RECEIVED

Ms. Beth O'Donnell, Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602-0615

JUN 10 2004

PUBLIC SERVICE
COMMISSION

Case 2004-00239

Dear Ms. O'Donnell:

RE: CASE NO. ~~2004-00059~~

I have enclosed an original and four copies of Johnson County Gas Company's scheduled Gas Cost Adjustment filing to be effective July 1, 2004. The proposed rates are based on a projected increase in supplier rates for July, August, and September 2004 combined with a net over-recovery of gas cost for the quarter ended March 31, 2004. Because I was unable to obtain gas cost estimates from my supplier in time to give 30 days' notice, I am requesting a waiver of the 30-day notice requirement and ask that these rates be approved with 20 days notice.

If you need further information, please contact this office at (606)789-5481.

Submitted by,



Bud Rife, President
Johnson County Gas Company, Inc.

BR:fh

P.S.C. Ky. No. _

Cancels P.S.C. Ky. No. 2004-00059

Johnson County Gas Company

Of

Harold, Kentucky 41635

Rates, Rules and Regulations For Furnishing Gas

At

Meally, Van Lear, East Point and Hager Hill

**Filed With Public Service Commission
Of Kentucky**

Issued June 7, 2004

Effective July 1, 2004

Issued By: Johnson County Gas Company



By: Bud Rife
President/Manager

Van Lear, Hager Hill,
East Point, and Meally

P.S.C. NO._

CANCELLING P.S.C. NO._2004-00059_

Johnson County Gas Company

CLASSIFICATION OF SERVICE

Proposed Rates:

Residential

First Mcf(minimum bill)	\$15.898
All over 1 Mcf	\$14.898

Commercial

First Mcf	\$15.898
All over 1 Mcf	\$14.898

A surcharge in the amount of \$.4155 will be added to the above rates until the amount owed to Kentucky West Virginia Gas Company has been collected.

DATE OF ISSUE June 7, 2004 DATE EFFECTIVE July 1, 2004ISSUED BY Bud Rife, President/Manager P. O. Box 339 Harold, KY 41635

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. dated

Johnson County Gas Company

QUARTERLY REPORT OF GAS COST RECOVERY RATE CALCULATION

Date Filed:

June 10, 2004

Date Rates to be Effective:

July 1, 2004

Reporting Period is the Calendar Quarter Ended:

March 31, 2004

Actual Mcf Purchases for 12 months ended

March 31, 2004

(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) Btu <u>Factor</u>	(4) <u>Mcf</u>	(5) <u>Rate*</u>	(6) (4)x(5) <u>Cost</u>
Interstate Natural Gas Company			23,895	\$8.6833	\$207,488
Total			23,895		\$207,488

Line loss for 12 month period is 19.67% based on purchases of 23,895 Mcf and sales of 19,195 Mcf.

Total Expected Cost of Purchases (6)	\$207,488
/Mcf Purchases (4)	23,895
= Average Expected Cost Per Mcf of Purchases	\$8.6833
x Allowable Mcf Purchases (must not exceed Sales Mcf/.95)	20,205
= Total Expected Gas Cost (to Schedule I.A)	\$175,449

*Rate is the average of the estimates for July, August, and September 2004 prices from Interstate Natural Gas Company, which is attached. \$8.6833 is the average of the 3 months' averages of Columbia Transmission and Kentucky West-transported volumes.

Average cost calculation:

	July	August	Sept	Average
Columbia Transmission	\$8.15	\$8.25	\$8.28	\$8.23
Kentucky West	\$9.05	\$9.17	\$9.20	\$9.14
Average				\$8.6833

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

Component				\$/Mcf
Expected Gas Cost (EGC)				9.1404
+ Refund Adjustment (RA)				0.0000
+ Actual Adjustment (AA)				(0.2161)
+ <u>Balance Adjustment (BA)</u>				0.0195
= Gas Cost Recovery Rate (GCR)				8.9438
GCR to be effective for service rendered from		July 1, 2004		
		to October 1, 2004		
Proposed rates:	Base Rates +	GCR	=	Retail Rates
	\$6.9542	\$8.9438		\$15.8980
	\$5.9542	\$8.9438		\$14.8980

A. EXPECTED GAS COST CALCULATION

		<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch. II)		\$	175,449
/ Sales for the 12 months ended	March 31, 2004	Mcf	19,195
= Expected Gas Cost (EGC)		\$/Mcf	9.1404

B. REFUND ADJUSTMENT CALCULATION

Supplier Refund Adjustment for the Reporting Period (Sch. III)	\$/Mcf
	0.0000

C. ACTUAL ADJUSTMENT CALCULATION

Actual Adjustment for the Reporting Period (Sch. IV)	\$/Mcf
+ Previous Quarter Reported AA	0.2470
+ Second Previous Quarter Reported AA	(0.3335)
+ Third Previous Quarter Reported AA	(0.0624)
= Actual Adjustment (AA)	(0.0672)
	(0.2161)

D. BALANCE ADJUSTMENT CALCULATION

Balance Adjustment for the Reporting Period	\$/Mcf
+ Previous Quarter Reported AA	0.0106
+ Second Previous Quarter Reported AA	0.0002
	(0.0068)
	0.0155

SCHEDULE II

EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended March 31, 2004

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

Component				\$/Mcf
Expected Gas Cost (EGC)				9.1404
+ Refund Adjustment (RA)				0.0000
+ Actual Adjustment (AA)				(0.2161)
+ <u>Balance Adjustment (BA)</u>				0.0195
= Gas Cost Recovery Rate (GCR)				8.9438
GCR to be effective for service rendered from			July 1, 2004 to October 1, 2004	
Proposed rates:	Base Rates +	GCR	=	Retail Rates
	\$6.9542	\$8.9438		\$15.8980
	\$5.9542	\$8.9438		\$14.8980

A. EXPECTED GAS COST CALCULATION

		<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch. II)		\$	175,449
/ Sales for the 12 months ended	March 31, 2004	Mcf	19,195
= Expected Gas Cost (EGC)		\$/Mcf	9.1404

B. REFUND ADJUSTMENT CALCULATION

Supplier Refund Adjustment for the Reporting Period (Sch. III)	\$/Mcf
	0.0000

C. ACTUAL ADJUSTMENT CALCULATION

Actual Adjustment for the Reporting Period (Sch. IV)	\$/Mcf
+ Previous Quarter Reported AA	0.2470
+ Second Previous Quarter Reported AA	(0.3335)
+ Third Previous Quarter Reported AA	(0.0624)
= Actual Adjustment (AA)	(0.0672)
	(0.2161)

D. BALANCE ADJUSTMENT CALCULATION

Balance Adjustment for the Reporting Period	\$/Mcf
+ Previous Quarter Reported AA	0.0108
+ Second Previous Quarter Reported AA	0.0002
+ Third Previous Quarter Reported AA	(0.0068)
= Balance Adjustment (BA)	0.0155
	0.0195

SCHEDULE V

BALANCE ADJUSTMENT

For the 3 month period ending	March 31, 2004		
AA in effect from rate filing effective April 1, 2003		<u>Unit</u> \$/Mcf	<u>Amount</u> 0.0846
<u>x Sales for 12 months ending</u>	March 31, 2004	Mcf	19,195
= Total Amount Collected/(Returned) through AA		\$	1,624
Amount Authorized to be Collected/(Returned)		\$	1,828
Amount Remaining to be Collected/(Returned)		\$	204
Balance Adjustment for the Reporting Period		\$/Mcf	0.0106

SCHEDULE IV
ACTUAL ADJUSTMENT

For the three month period ending	March 31, 2004			
Total Supply Volumes Purchased	<u>Unit</u> Mcf	<u>Jan</u>	<u>Feb</u>	<u>March</u>
		5,810	3,939	2,529
Total Cost of Volumes Purchased	\$	40,292	30,474	17,634
Divided by:				
Total Sales (may not be less than <u>95% of supply volumes</u>)	Mcf	5,520	3,742	2,487
= Unit Cost of Gas	\$	7.2999	8.1437	7.0905
Minus:				
EGC in effect for the month	\$/Mcf	7.0807	7.0807	7.0807
= Difference	\$/Mcf	0.2192	1.0630	0.0098
<u>x Actual sales during month</u>	Mcf	3,961	3,621	2,487
= Monthly Cost Difference	\$	868	3,849	24
Total Cost Difference			<u>Unit</u>	<u>Amount</u>
			\$	4,742
<u>/ Sales for 12 months ending</u> <u>March 31, 2004</u>			Mcf	19,195
= Actual Cost Adjustment for the Reporting Period			\$/Mcf	0.2470

SCHEDULE III

REFUND ADJUSTMENT

For the 3 month period ending March 31, 2004

(Absent any supplier refund, this sheet will not be used.)